

From: Ashok Narayanan
To: Microsoft ATR
Date: 1/23/02 10:14am
Subject: Comments on the Microsoft antitrust settlement

Sir,

Under the Tunney act I would like to submit my comments on the proposed Microsoft settlement for antitrust suits currently sub judice.

In my view the proposed settlement is a very bad solution for consumers. Penalizing an alleged monopolist by providing government-approved mechanisms to expand their monopoly is clearly not a penalty. Further, the proposed cash inflow of \$1 billion by Microsoft is a deceptive figure. Software, by its nature, has a very low marginal cost per unit manufactured, and for Microsoft, the marginal cost of deploying "\$500 million" worth of software is probably in the range of \$250,000-\$500,000. This cash penalty is a mere pittance when compared to the billions of dollars Microsoft is holding in its war chests - much of which has been accumulated by the price-fixing and monopolistic distribution and licensing practices which the current trial seeks to stop.

The argument that the license costs for software in this penalty are accurate since otherwise "these schools would have had to purchase these licenses anyways" is also flawed. Even if the schools would have had to purchase licenses for software on their computers, it is not clear that they would have had to buy the licenses from Microsoft. Linux and alternative free software solutions have no per-seat license costs, and MacOS is an example of an alternative software which requires licenses. For Microsoft to claim to provide free software is tantamount to their attempting to lock competitors out of this market by giving away free goods. This in itself is a form of monopoly extension. By leveraging their existing monopoly on operating systems and browsers in the workplace, they are giving away their software free in schools in order to expand their monopoly into this area as well.

If this sort of settlement is really on the cards, let Microsoft donate \$1 billion of hardware and cash. Allow the beneficiaries to individually select the software that they wish to deploy on these machines.

The tobacco settlement was not paid in cigarettes!

Sincerely,

Ashok Narayanan

--- Asok the Intern -----

Ashok Narayanan

IOS Network Protocols, Cisco Systems

250 Apollo Drive, Chelmsford, MA 01824

Ph: 978-497-8387. Fax: 978-497-8513 (Attn: Ashok Narayanan)